Impact Fees

Virginia Housing Commission - Proffers/Impact Fees Work Group

8 July 2019

Why Impact Fees

Impact Fees provide much greater certainty for developers and builders alike—no surprises

Can apply to both residential and non-residential development

The rezoning process will be improved for all by removing the “back and forth” with cash proffers

Ultimately, non-cash proffers should be able to return to being flexible, site-specific and development-specific to address unique characteristics of the proposal

Use of Impact Fees

- Fees dedicated to expanding infrastructure capacity
- Cannot be used for operations or maintenance
- Can accommodate new development with less pressure to raise property, sales, transfer, and other taxes
- Often leverages federal & state grant funds
- Can spur economic development because of the certainty of future improvements

Impact Fee Safeguards

- Must not exceed proportionate share of costs
- Used only for facilities being impacted
- Spent within a reasonable period of time
- Spent within reasonable proximity

APA Virginia Chapter Proposal:

- Enables; does not require use of Impact Fees
- Limits impact fees to capital expenditures (expected 20+ year lifespan)
- Capital items and cost calculations must be linked to the local Comprehensive and Capital Improvements Plans
- Non-residential development excluded from school impact fees
- Localities may exclude other types/classes of development such as affordable housing, Enterprise Zone/HUBS activity, Opportunity Zone
- While localities that want to retain cash proffers will be allowed to do so, double-dipping is precluded
- Proposal is flexible because one size does not fit all in Virginia

Key Points

There must be a clear and transparent methodology for setting fees established by the locality

The Level of Service for which fees are collected is set at the existing level, not an aspirational level that does not yet exist

American Planning Association, Virginia Chapter

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